

# Staff Report 36

**APPLICANT/SUBLESSOR:**

---

City of Oakdale

**SUBLEESSEE:**

---

Modesto Irrigation District

**PROPOSED ACTION:**

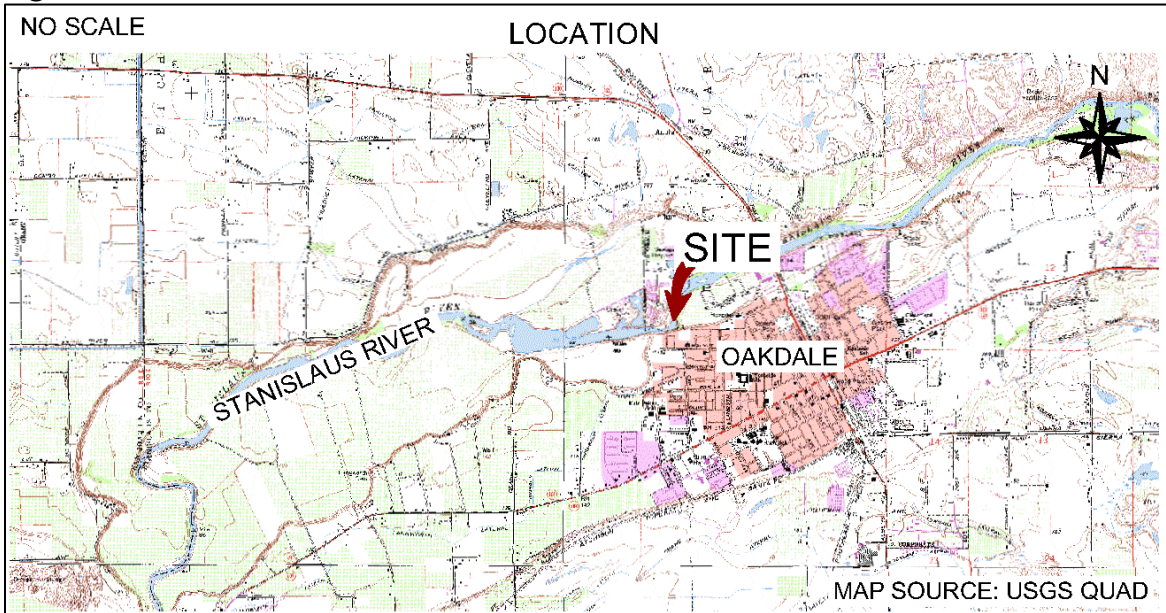
---

Issuance of a General Lease – Public Agency Use and Endorsement of a Sublease.

**AREA, LAND TYPE, AND LOCATION:**

Sovereign land in the Stanislaus River, adjacent to Assessor's Parcel Numbers (APNs) 006-011-042 and 063-004-041, near Oakdale, Stanislaus County (as shown in Figure 1).

**Figure 1. Location**

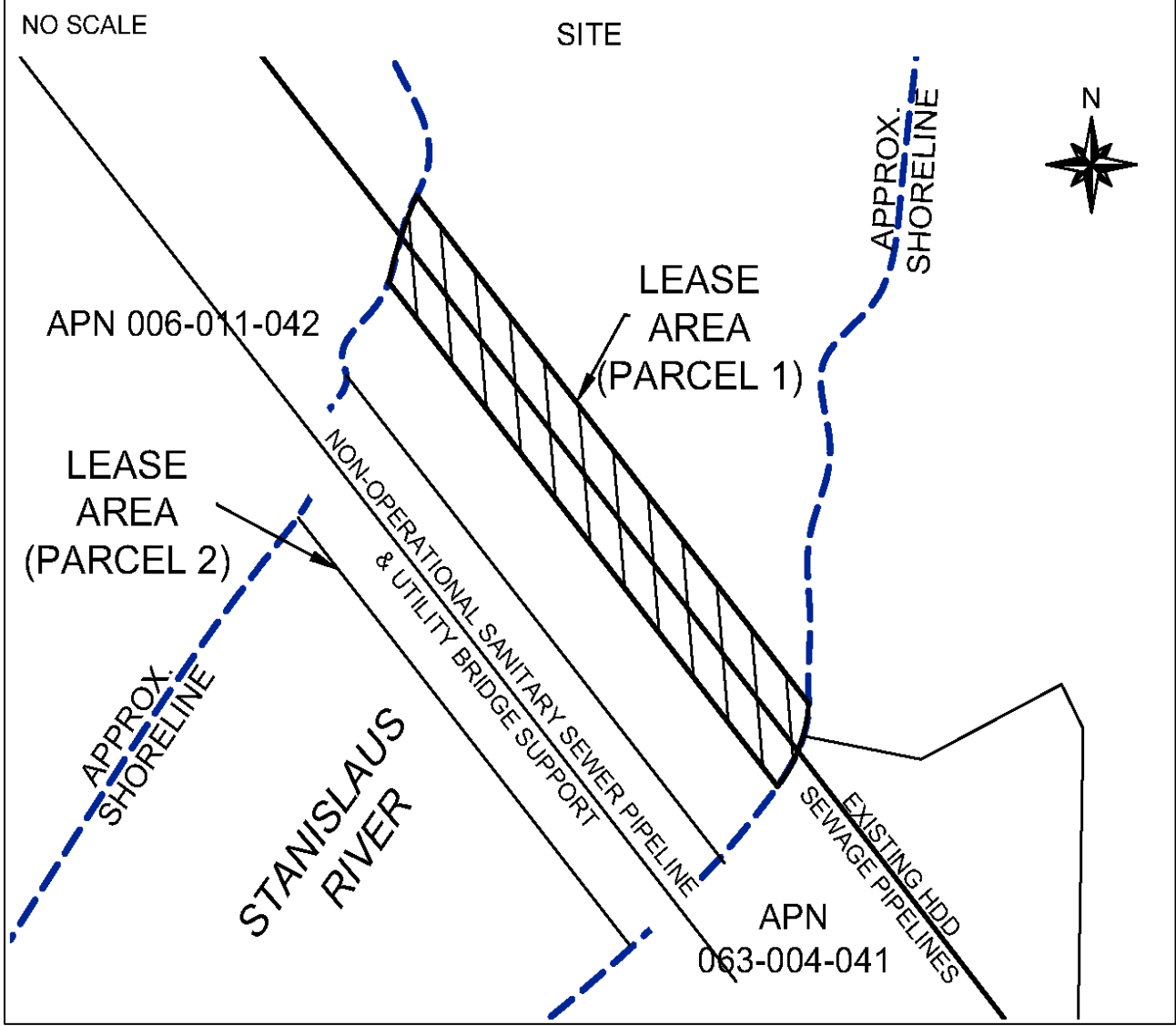


**AUTHORIZED USE:**

**Lessee:** Use of an existing non-operational pipeline, carrier bridge, and a triple barrel HDPE inverted siphon under the river (as shown in Figure 2).

**Sublessee:** Two electrical conduits attached to the carrier bridge.

**Figure 2. Site Map**



NOTE: This depiction of the lease premises is based on unverified information provided by the Applicant or other parties and is not a waiver or limitation of any State interest in the subject or any other property.

**TERM:**

20 years; beginning November 1, 2025.

**CONSIDERATION:**

**Carrier bridge:** The public use and benefit, with the State reserving the right at any time to set a monetary rent if the Commission finds such action to be in the State's best interests.

**Two electrical conduits and triple barrel HDPE inverted siphon:** The public use and benefit, with the State reserving the right at any time to set a monetary rent if the Commission finds such action to be in the State's best interests.

**Non-operational pipeline:** \$167 per year, with an annual Consumer Price Index adjustment and the State reserving the right to fix a different rent periodically during the lease term, as provided for in the lease.

**SPECIFIC LEASE PROVISIONS:**

- Lessee shall provide the Commission with reports/test results of all future inspections or integrity monitoring tests including but not limited to internal inspections, pressure tests, etc., conducted on the pipeline within the Lease Premises, if any.

**STAFF ANALYSIS AND RECOMMENDATION:**

---

**AUTHORITY:**

Public Resources Code sections 6005, 6216, 6301, 6501.1, and 6503; California Code of Regulations, title 2, sections 2000 and 2003.

**PUBLIC TRUST AND STATE'S BEST INTERESTS:**

On January 26, 1977, the Commission authorized the issuance of a Public Agency Permit, Permit 5221, to the City of Oakdale (City) for a term of 49 years for the construction and maintenance of a sanitary sewer pipeline and carrier bridge ([Item 3](#)). On December 17, 2020, the Commission authorized an amendment of the permit to allow the installation of three proposed replacement sewer pipelines ([Item 29](#)). The lease expired on October 31, 2025.

A Post-Construction Report dated September 2024 was submitted confirming the replacement pipeline project completion, documentation of minor design adjustments, and verification that no spills, frac-outs, or accidents occurred. The City is now operating the three parallel High-Density Polyethylene (HDPE) pipelines installed by the horizontal directional drilling (HDD) and open-cut methods under

the Stanislaus River. The nominal 22-inch, 18-inch, and 16-inch HDPE pipelines are part of an inverted siphon structure with an approximate footprint of 16-feet by 16-feet and a depth of 23 feet and are located between a City-owned parcel and the City's Wastewater Treatment Plant (WWTP). The inverted siphon structure addressed capacity issues and increased reliability and redundancy of the sewer system. It receives all sewer flows from the City and directs the flows through one or more of the pipelines to the City's WWTP.

The 18-inch-diameter sewer pipeline attached to the carrier bridge was cleaned and capped and is no longer active but may be used for other purposes in the future. Two 8-inch electrical conduits are also attached to the bridge and have not been previously authorized by the Commission. The electrical conduits are owned by Modesto Irrigation District (MID) and provide power to the City's WWTP. MID is an independent, publicly owned utility, that treats surface water for drinking and provides electricity and irrigation to the surrounding community.

The City is now applying for a General Lease – Public Agency Use for the existing non-operational pipeline, carrier bridge, and the triple barrel HDPE inverted siphon under the river; and for an Endorsement of a Sublease to MID for the two electrical conduits. Staff recommend beginning a General Lease – Public Agency Use on November 1, 2025, the day after Permit 5221 expired. Staff further recommend an annual rent of \$167 with annual Consumer Price Index adjustments for the non-operational pipeline since it is not currently providing a public benefit.

The WWTP is surrounded by agricultural parcels (orchards) to the north, east, and west, with a portion of the U.S. Army Corps of Engineers Stanislaus River Park system adjacent to the site to the southwest. The public does not regularly access this portion of the river which has numerous shrubs and trees along the banks; however, there is an approximate 12-foot clearance under the bridge for the public to cross under during high flows. The inverted siphon structure is located well beneath the bed of the river and also does not impede surface use or interfere with Public Trust needs and values at this location, at this time, and for the term of the proposed lease. The facilities do not significantly alter the land and the lease does not alienate the State's sovereign interest or permanently impact public rights.

The lease is limited to a 20-year term and does not grant the lessees exclusive rights to the lease premises and allows the Commission flexibility to determine if the Public Trust needs of the area have changed over time. Upon termination of the lease, the lessee may be required to remove any improvements and restore the lease premises to their original condition.

## **CLIMATE CHANGE:**

### ***INTRODUCTION:***

The climate crisis is impacting California now. Likely impacts to the lease premises include, but are not limited to prolonged drought, extreme heat, lower streamflow, runoff and river levels, as well as changes to the intensity and timing of precipitation events. These impacts can exacerbate natural hydrological processes such as erosion, scour, and sedimentation. These impacts may affect an existing sewer pipeline, carrier bridge, and three sewage pipelines subject to the proposed lease, located on the Stanislaus River.

### ***DATA & PROJECTIONS:***

The changing climate is affecting California's weather patterns, leading to more severe droughts and floods. Warmer temperatures have led California to experience a megadrought from 2000 to 2022, measured as the driest 22 years in the past 1200 years, and more megadroughts are projected through the end of the century ([Fifth National Climate Change Assessment: Southwest Region, 2023](#)). Sustained droughts reduce streamflow and river levels due to increased evaporation, declines in snowpack volumes, higher-elevation snow lines, earlier snowmelt, and reduced overall runoff. These changes are pronounced in the Sierra Nevada, where the headwaters to many of the state's rivers are located. It is projected that temperatures in the Sierra Nevada will increase by six to ten degrees Fahrenheit on average by the end of the century, and the snowline will move 1,500 to 3,000 feet higher in elevation. It is projected that by 2100, the annual Sierra Nevada snowpack, a critical source of water supply to rivers, will decrease from today's average by 60 percent. Rivers will be drawn down farther as temperatures continue to rise and demand for water increases withdrawals. Despite the region's increasing aridity, flooding from extreme precipitation events is projected to increase, attributed to earlier snowmelt, and more intense and frequent atmospheric rivers.

### ***ANALYSIS:***

The lease premises is likely to experience more extreme conditions over the lease term than in the past, due to climate change. Changes to the timing and amount of runoff from the higher elevations of the watershed will result in higher flood risks. Bank stability may be compromised due to increased channel erosion and undercutting from more intense precipitation and floods. Conversely, drought

could lower water levels for longer portions of the year and expose structures that were historically designed to be submerged to more air, wind, and heat.

**RECOMMENDATIONS:**

To reduce the likelihood of adverse impacts to the lease premises and improvements, the lessee should consider several adaptation strategies to improve resiliency to climate change. Nature-based strategies such as planting or restoring vegetation (e.g., shrubs, trees, grass) along the river can provide flood and erosion risk management benefits. Fixed structures may need to be inspected more frequently to monitor degradation from exposure, and, in some cases, elevated or relocated away from frequently flooded areas. Any future construction or activities on State land would require a separate authorization from the Commission.

Regular maintenance, as referenced in the lease, may reduce the likelihood of severe structural degradation or dislodgement. Pursuant to the proposed lease, the Applicant acknowledges that the lease premises and adjacent upland are located in an area that may be subject to the effects of climate change.

**CONCLUSION:**

For all the reasons above, staff believe issuance of the lease will not substantially impair the public rights to navigation, fishing, and commerce, or substantially interfere with the Public Trust needs and values at this location, at this time, and for the term of the lease; and is in the best interests of the State.

**OTHER PERTINENT INFORMATION:**

---

1. Approval or denial of the application is a discretionary action by the Commission. Each time the Commission approves or rejects a use of sovereign land, it exercises legislatively delegated authority and responsibility as trustee of the State's Public Trust lands as authorized by law. The lessee also has no right to a new lease or to renewal of any previous lease.
2. This action is consistent with the "Meeting Evolving Public Trust Needs" and "Committing to Collaborative Leadership" Strategic Focus Areas of the Commission's 2021-2025 Strategic Plan.
3. Acceptance of the endorsement of a sublease is not a project as defined by the California Environmental Quality Act (CEQA) because it is an administrative

action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, sections 15060, subdivision (c)(3), and 15378, subdivision (b)(5).

4. Staff recommends that the Commission find that issuance of a lease is exempt from the requirements of the California Environmental Quality Act (CEQA) as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, title 14, section 15301.

Authority: Public Resources Code section 21084 and California Code of Regulations, title 14, section 15061.

## **RECOMMENDED ACTION:**

---

It is recommended that the Commission:

### **CEQA FINDING:**

Find that issuance of the lease and endorsement of sublease is exempt from the requirements of CEQA pursuant to California Code of Regulations, title 14, section 15061 as a categorically exempt project, Class 1, Existing Facilities; California Code of Regulations, title 14, section 15301.

### **PUBLIC TRUST AND STATE'S BEST INTERESTS:**

Find that the proposed lease and endorsement of a sublease will not substantially impair the public rights to navigation, fishing, and commerce or substantially interfere with Public Trust needs and values at this location, at this time and for the term of the lease; and are in the best interests of the State.

### **AUTHORIZATION:**

1. Authorize issuance of a General Lease – Public Agency Use to the Applicant beginning November 1, 2025, for a term of 20 years, for an existing non-operational pipeline and two electrical conduits attached to a carrier bridge and a triple barrel HDPE inverted siphon under the river; annual rent in the amount of \$167 with an annual Consumer Price Index adjustment, and the State reserving the right to fix a different rent periodically during the lease term, as provided for in the lease for the non-operational pipeline; and consideration

being the public use and benefit, with the State reserving the right to set a monetary rent if the Commission finds such an action to be in the State's best interest for the two electrical conduits, carrier bridge, and triple barrel HDPE inverted siphon.

2. Authorize endorsement of a sublease between the Applicant and Modesto Irrigation District for two electrical conduits attached to the carrier bridge for the entirety of the lease period.